WASHINGTON—Today, U.S. Representative Mike Quigley (IL-05), along with Reps. Tim Walz (MN-1) and Gary Peters (MI-9), introduced legislation to eliminate taxpayer subsidies for yachts. The Ending Taxpayer Subsidies for Yachts Act will amend a tax provision that allows boat owners to write off their mortgage interest payments if they classify their boats as second homes.

"There's absolutely no reason why taxpayers should subsidize luxury yachts," said Quigley.
"As we work to address our budget challenges, closing this frivolous tax loophole is a no-brainer."

"We're going to have to make some hard decisions to tackle our national debt, but this isn't one of them," said Walz. **"Closing this tax loophole restores the Mortgage Interest Deduction to its original purpose; helping middle class families realize the American Dream through homeownership."**

Currently, taxpayers are allowed to deduct mortgage interest for up to two homes from their tax returns. Yachts equipped with bedding, toilet facilities, and a kitchen qualify even if they aren't used as a primary residence. The Ending Taxpayer Subsidies for Yachts Act would limit the tax deduction to only those who use their boats as a primary residence.

"We need to get the deficit under control, and that means simplifying the tax code and eliminating special interest tax giveaways like the Yacht Loophole," added Peters. **"Hom eownership is part of the American Dream and we should encourage it, but yacht owners don't need any special handouts, especially in the middle of a budget crisis."**

In 2004, there were approximately 500,000 pleasure boats in the United States large enough to qualify for the tax break, but only around 100,000 people live full time on boats according to the 2000 Census.

The proposal is included in Quigley's *Reinventing Government: The Federal Budget Part II*. The report is due out next week and will include detailed cost-saving recommendations to follow

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